IN THE SPECIFICATION

Please replace the paragraph beginning on page 18, line 1 and ending on line 18 with the following:

At step 196, the count determined in the searched neighborhood for each pixel is compared to the local area threshold. If the count is found to exceed the local area threshold, signal processing circuit 24 advances to step 198. At that step, the intensity value for each structural pixel is set equal to the average intensity of a 1 X 3 kernel of pixels in the dominant direction for the pixel of interest. Subsequently, at step 200, the value of a corresponding location in the binary matrix M' is changed from 0 to 1. If at step 196, the count is found not to exceed the local area threshold for a particular pixel, the intensity value for the pixel of interest is set equal to a weighted average as indicated at step 202. This weighted average is determined by the relationship:

$$weighted\ avg = (1/(1+p))(input) + (p/(1+p))(smoothed\ value);$$

where the *input* value is the value for the pixel of interest at the beginning of routine 164, p is a weighting factor between 1 and 200, and the *smoothed value* is the average intensity of a 1 X 3 kernel in the dominant direction of the pixel of interest. From either step 200 or 202, circuit 24 returns to step 168 of Fig. 9.

Please replace the paragraph beginning on page 19, line 27 and ending on page 20, line 3 with the following:

As illustrated in Fig. 9, at block 170 the intensity value for each structural pixel is multiplied by a weighting factor [$\times$] $\underline{\alpha}$, and combined at block 172 with the product of the normalized intensity value for the corresponding pixel and a weighting factor β produced at block 174. As summarized above, at step 176, circuit 24 determines whether the desired number of iterations has been completed and, if not, returns to the local orientation smoothing block 166, to repeat the steps of Fig. 12 until the desired number of iterations is complete. Once the desired iterations have been performed, the filtered image If resulting from the orientation smoothing is further filtered by the processes described below.